JIM ACOSTA, CNN ANCHOR: A deadly mistake in America's drone war, Hillary Clinton's big cash headache, and a Legend's call for justice.

This is STATE OF THE UNION.


Good morning from Washington. I'm Jim Acosta.

President Obama is promising a review of his administration's drone program after two Western hostages, including an American, were killed in a counterterrorism operation. Their deaths have renewed criticism of the U.S. drone strategy.

And now joining me is Senate Armed Services Committee Chairman John McCain.

Senator McCain, thanks very much for joining us. Thanks for getting up so early this morning.

SEN. JOHN MCCAIN (R), ARIZONA: Thank you, Jim.

ACOSTA: You have had a couple days to mull this over, the drone strikes that resulted in the deaths of those two hostages. Were their deaths preventable, in your view?

MCCAIN: I think it was probably preventable, in that there was an obvious breakdown in intelligence. They didn't know that they were there, and our -- as you know, all of our prayers and thoughts are with their families.

So, it was obviously preventable, but the question then is, do we continue these drone strikes, and how
important are they? Those raises all -- that raises all of those questions, and it's clearly a subject for review by both Intelligence and Armed Services committees and the entire Congress.

ACOSTA: And I noticed this week, after the president's admission about these drone strikes and the terrible tragedy that occurred, that both he and the White House did not use the word drone, and they did not say that the CIA program existed.

But we do know that to be a fact, isn't that right, Senator, that these drone strikes are run by the CIA?

MCCAIN: Yes.

And there is kind of an internal struggle going on within the administration and within the Congress as to which -- whether it should be an armed services operation, this whole issue of drone strikes, or should it be done by the CIA? Obviously, as chairman of the Armed Services Committee, I have some bias, but it seems to me that as much as we could give responsibility and authority over to the Department of Defense, because that's really not the job of the intelligence agency.

But back to your question, I think then that raises the debate. Do we need to continue drone strikes? And if so, how? Obviously, better intelligence. But we are now facing a new form of warfare, these nonstate terrorists organizations that are spread all over hell's half-acre. And, really, the only way you can get at them that we know of now that is viable is through the drone operations.

They have taken out leadership. And we can argue -- in fact, I would argue strenuously we -- there are places where we could have done a lot more, but this is sort of an aspect of the frozen conflict, where we are not going to send boots on the ground to go get those people, and that is certainly understandable.

(CROSSTALK)

ACOSTA: And that's something that -- that's something that White House Press Secretary Josh Earnest said earlier this week, that they can't conduct an Osama bin Laden every time they want to take out terrorists on the battlefield.

But I want to pick on something you just said a few moments ago, which is -- and I know you said this a couple of years ago -- that you would like to see the drone program moved out from the CIA and over to the Pentagon. Why has that not happened?

MCCAIN: Turf battles.

ACOSTA: The CIA doesn't want to give it up?

MCCAIN: Failure to -- in all candor, obviously.

And the president said a couple years ago he wanted them moved. There is some question about the capabilities and the equipment that the CIA -- that the DOD, as compared with CIA.

What this will do, Jim, is we will renew this discussion with the administration, within Congress as to who actually should be running the drone operation.

(CROSSTALK)

ACOSTA: In your view, the CIA should not run this -- yes.
But it's -- in your view, the CIA should not run this program? I don't mean to interrupt, but want to get that point in.

MCCAIN: I do not think so. That's why they are -- that's why they are called the intelligence agency and why we call the armed forces the -- obviously, the people that are supposed to be carrying out military operations.

[09:05:06]

And I can understand, when it was a very small operation, why it would be done by the intelligence agencies, such as U-2s and other reconnaissance aircraft, for many years. Now it has reached the point where it's an integral part of the conflict and a very essential one, so I think it should be conducted and oversight and administered by the Department of Defense.

ACOSTA: I want to turn to Iran.

As you know, earlier this week, there was the potential for this military confrontation between the U.S. and Iran when it was feared that the Iranians were sending arms through their naval ships over to Yemen to support the Houthi rebels there who are sort of fighting this proxy war on the part of the Iranians.

And the U.S. sent an aircraft carrier to -- the White House would not say that they were essentially whether there to block those weapons from being delivered. But do you think a -- some sort of military action would have been advisable if push came to shove, if it was necessary to block the shipments?

MCCAIN: Absolutely.

There is no doubt that the Houthis are sponsored, trained, and equipped, they're a proxy of the Iranians, who are again on the move in another country. You look where Yemen sits geographically, and it could be a threat to one of the world's most important waterways.

And I applaud the Saudis' efforts, their operations. And for us to continuously argue that they stop their campaign, I think, is ludicrous, part of this delusion that there is going to be a new U.S./Iranian alliance after the nuclear deal is consummated.

And so I applaud what the Saudis are doing. And it's going to be tough. And it going to be tough and hard, but they did the right thing. And why in the world the president wouldn't just say that? The president said, because we are going to preserve freedom of navigation? Come on. Let's be straight with the American people. It was all about resupply of the Houthis.

ACOSTA: Do you think he was afraid of spoiling this deal? Do you think he was afraid of spoiling this nuclear deal?

MCCAIN: Every -- so much -- so much of their actions are related to this -- this nirvana, this mirage out there that, with the nuclear deal, we are going to have some kind of new relationship throughout the Middle East.

That scared the hell out of our Sunni Arab allies. And, frankly, it scares the hell out of me, because they are on the move in the -- all of these countries, Lebanon, Syria, Iraq, and Yemen. And they are on the move in other places as well. They are carrying out very aggressive operations.

ACOSTA: And, Senator, you know that the president, a couple of weeks ago, slammed you, when he essentially accused of you trusting the ayatollah more than Secretary of State John Kerry when you said that the administration and the ayatollah were on separate pages when it comes to this nuclear deal.
Do you think that diplomacy has any chance of success? And don't you think diplomacy should be given a chance here?

MCCAIN: I think diplomacy should be given a chance. And what I was saying is -- was -- they are the facts.

The facts are that the ayatollah depicts the state of negotiations as far as inspections are concerned, as far as lifting of sanctions are concerned and other aspects of this deal that are diametrically opposed to what John Kerry and the State Department is telling us. I mean, that's just a fundamental fact.

I think George Shultz and Henry Kissinger were correct in the op-ed they had in "The Wall Street Journal," where they said these negotiations begin in order to rid of Iran of ever having a nuclear capability to delaying Iran from having another nuclear -- a nuclear ability.

And I can assure you, Jim, that if this deal goes through the way it appears it is, you will see a nuclear-armed Middle East. And that's incredible dangerous.

ACOSTA: Let me turn to 2016, because I know there was this dust-up between you and Senator Rand Paul.

And Senator Rand Paul referred to you as a lapdog. And you said he was the worst possible candidate of the 20 or so that are running on the most important issue, which is national security. That comeback from you, wouldn't that make a great Hillary Clinton campaign ad if Rand Paul is the nominee of your party?

MCCAIN: Well, my first obligation is to the security of the country, and Rand Paul is behind leading from behind. The -- the...

(CROSSTALK)

ACOSTA: Would you serve as his running mate if he were to -- if he were to ask you to be on his ticket, would you -- would you serve on his ticket?

MCCAIN: You know, the vice president has two duties. One is to enquire daily as to the health of the president, and the other is to break a tie vote in the United States Senate. (LAUGHTER)

MCCAIN: I am not interested.

ACOSTA: So, you wouldn't -- you wouldn't serve as vice president on anybody's ticket?

What about Lindsey Graham? You are essentially his surrogate now in this upcoming campaign.

MCCAIN: Well, I just -- I just feel, Jim, that I can be far more effective as chairman of the Senate Armed Services Committee.

There are challenges -- well, again, Henry Kissinger and George Shultz and Madeleine Albright and all those people we respect have stated unequivocally we are in greater crises than we have ever been since the end of World War II. I agree with them.

[09:10:11]

ACOSTA: But, getting back to Lindsey Graham, you -- you are going to be, I suppose, his chief surrogate in this upcoming campaign.

If he were to ask you to be his vice presidential running mate, I assume you would say yes to that. Isn't that right?
MCCAIN: Well, that's -- I don't think Lindsey would be -- he is really a smart guy. So, I don't think he would ever consider such a thing.

(LAUGHTER)

ACOSTA: Do you wish...

MCCAIN: And we are very close, and there is no doubt about that, but he understands national security as no other candidate does.

ACOSTA: And do you wish you had picked him as your running mate back in 2008?

MCCAIN: Oh, no, no, I certainly don't.

But I have watched him grow. I have watched him handle his responsibilities on the Armed Services Committee and the Budget Committee, and I have seen him. And it's one of the great life stories that we have ever had, frankly.

ACOSTA: OK.

And let me ask you about the president's remarks last night. I am sure you probably noticed or you have heard since -- since last night the president took a little swipe at you when talking about the security lapses at the White House and fence-jumpers and so forth.

He suggested -- he made a suggestion as to how to beef up security at 1600 Pennsylvania Avenue. Let's throw to that tape. (BEGIN VIDEO CLIP)

BARACK OBAMA, PRESIDENT OF THE UNITED STATES: I am happy to report that the Secret Service, thanks to excellent reporting by White House correspondents, they are really focusing on some of the issues that have come up. And they have finally figured out a foolproof way to keep people off my lawn.

(LAUGHTER)

(CHEERING AND APPLAUSE)

(END VIDEO CLIP)

ACOSTA: Senator, I don't know if you can see it there in Arizona, but there was a picture of you basically saying "Get off my lawn" over at the White House.

What was your response to that? What did you make of that?

MCCAIN: Well, I am reporting for duty on Monday morning...

(LAUGHTER)

MCCAIN: ... in my usual laid-back, casual style, my diplomatic style.

I am telling you, I will get that Secret Service squared away. I am ready for the job.

(LAUGHTER)

ACOSTA: All right, very good.
Senator John McCain, thanks for joining us this morning, and being a good sport there at the end. It's always great talking to you, sir.

MCCAIN: Thank you.

ACOSTA: Thank you, Senator.

And up next: Ohio's Republican governor on whether he is ready to jump into the race for president, and, later, singer John Legend on mixing art with activism.

(BEGIN VIDEO CLIP)

ACOSTA: What means more to you, winning an Academy Award, winning all these Grammys, or your political activism?

JOHN LEGEND, MUSICIAN: You know what? I'm fortunate that they're not separate.

(END VIDEO CLIP)

(COMMERCIAL BREAK)

[09:16:34]

ACOSTA: Ohio Governor John Kasich has not officially entered the 2016 presidential race, but he is acting a lot like a candidate. Governor Kasich was the keynote speaker this week at the nonpartisan New America Foundation annual conference.

And CNN's Gloria Borger, my colleague, spoke with him after his address.

(BEGIN VIDEOTAPE)

GLORIA BORGER, CNN SENIOR POLITICAL ANALYST: I'm going to start with the question everybody wants answered, which is, are you running for president?

GOV. JOHN KASICH (R), OHIO: I don't know yet. I have taken another big step for me, which is to create a political organization to begin to accumulate more resources, so I can travel more robustly and begin to think about infrastructure.

And then, once that is done, if I can be successful in raising sort of that seed money, then I think the next step to see if people like what I have to say. And then I think it's going to be to find out around the country whether I can raise enough money to compete, at least in the early states. And if that works, I am likely to go forward.

BORGER: So, at this point, what would stop you from running?

KASICH: Lack of resources or a consideration that I wouldn't win, because I don't want to do this just for -- just to go and do it. I have got a big job in Ohio.

Being governor, I have got 11.5 million people and a lot of responsibility. So, this is not like, well, let me try, and if it doesn't work, I will try again, or I will -- you know, if it doesn't work, I will be vice president or something. I am not interested in any of that.

So, either I feel like I can win, or there is no reason to do it.
BORGER: The last time we spoke, you said that somebody who is extreme in their politics would not be able to win in the state of Ohio.

What did you mean by that?

KASICH: Dividers. People that come in and want to divide are not going to do very well.

And that's because Americans are tired of all the division. They want to see solutions.

BORGER: Do you think Hillary Clinton can win in Ohio? KASICH: Sure. Sure, she could. I mean, of course she could. I think anybody there on those lists are capable. It's just a matter of how they project themselves.

But she will be a very formidable candidate. She's having a lot of problems now, going to have to answer a lot of questions. But anybody that underestimates Hillary Clinton, I think, makes a mistake. They underestimated her husband.

BORGER: How do you respond to Americans believe that Republicans are too close to Wall Street, that Wall Street is too greedy?

KASICH: Well, I have said all along that I think there is too much greed on Wall Street.

And the reason I say it is because I saw it. And the fact is, there is nothing wrong with making money. There's a lot of good, but you can't just be totally dedicated to making money, without sort of doing some good in the process. I think that we have paid for the problem of greed on Wall Street. And, you know...

(CROSSTALK)

BORGER: There's a little Elizabeth Warren in you, I think.

KASICH: Nobody. John Kasich is -- maybe there is a little bit of me in her.

BORGER: Let me ask you about the Iran sanctions deal.

KASICH: Yes.

BORGER: If you were on Congress, would you vote to allow that to occur?

KASICH: Well, knowing what I know now, no.

Reagan used to say trust and verify. In regard to Iran, it should be verify, verify, verify, without the trust, because I don't trust them.

BORGER: And you don't think the administration has done that or tried to do that?

KASICH: I think they have fallen in love with this deal.

I think it's -- a lot of it is about a legacy. Look, I am not here to condemn and demonize the president, but I'm telling you that I do not like this agreement, what I have read so far.

BORGER: And let me just ask you about the president this week.

You saw that drones apparently killed two Westerners by mistake. He came out and admitted this was an error.
[09:20:09] Should we expect deadly mistakes like this as part of our -- a drone program?

KASICH: Well, I don't believe the drone program ought to be run out of the CIA.

The CIA is an intelligence-gathering operation. The operation, the drone program, should be operated exclusively out of the Pentagon. You know, the Air Force has the capability of doing extensive targeting. You don't have those capabilities in the CIA. And I have talked to former CIA people who have told me this.

BORGER: And let me just ask you this final question.

What do you say to Republicans who look at this field and they say, the Republican Party has grown a lot more conservative than John Kasich, who is -- supports Common Core, doesn't take a pathway to citizenship off the table on immigration reform?

KASICH: I think it's a misread of the party.

I think the party, the members of the Republican Party, the members of the Democrat Party share a lot of the same concerns and same anxiety and want to see solutions.

At the end of the day, what I have found where I travel, I don't change my message. If I am at the Detroit Economic Club or down in South Carolina or in New Hampshire, I am told by people that my message is resonating. In the great state of Ohio, 64 percent of the vote, 86 out of 88 counties, one a county that Barack Obama won by 40 points.

I must be doing something right. But we will see. If they -- if they don't like me or if they think I am not this or that, my conscience will be clear. I'm going to do the best I can. And, by the way, I am not changing my positions. I am not changing my talk. I'm going to be who I am.

(END VIDEOTAPE)

ACOSTA: OK, a straight-shooter there in John Kasich.

An interesting footnote: Next summer's Republican National Convention is in Ohio.

And up next: Is Hillary Clinton's presidential campaign already in trouble?

And, later, singer John Legend on using his art for change?

(BEGIN VIDEO CLIP)

ACOSTA: This is personal for you?

LEGEND: Well, it's personal for me because I have had family members that have gotten caught up in the system. I have family friends that I grew up with that have been caught up in the system, people that grew up in my same neighborhood. I could have been one of them.

(END VIDEOTAPE)

(COMMERCIAL BREAK)

[09:26:35]
ACOSTA: Hillary Clinton's campaign is just three weeks old, but she is already facing a controversy over foreign donations to the Clinton Foundation.

Joining me now around the table is Republican strategist Kristen Soltis Anderson, "Wall Street Journal" White House correspondent Carol Lee, Democratic strategist Stephanie Cutter, and CNN senior Washington correspondent Jeff Zeleny.

And I am calling this the hangover edition of the White House Correspondents Dinner. This is the political side of that. We're going to get to the dinner later.

But I will put you on the spot first, Stephanie, since you have spent a long time defending Democratic candidates over the years. There is this new book out, of course, "Clinton Cash," by Peter Schweizer, who is getting all kinds of publicity, thanks to us and everybody else talking about this book.

But the book raises a lot of good questions about the money coming into the Clinton Foundation and whether or not, as that was happening while Hillary Clinton was at the State Department, some of these foreign donors were -- were actually able to pay for access.

What is your take on this? How damaging is this for Hillary Clinton? Should she be worried?

STEPHANIE CUTTER, FORMER OBAMA DEPUTY CAMPAIGN MANAGER: Well, I think, number one, the book is actually not out.

ACOSTA: Yes.

CUTTER: And even before it hits the stands, it's...

ACOSTA: It feels like it's out.

CUTTER: It certainly feels like it's out because of the media coverage of it and some of the special deals that it has gotten with media.

However, every allegation or piece of innuendo that it has been out there, it has been struck down. Even the author says that there is no evidence here of wrongdoing. And I think that's an important thing for everybody to remember.

He suggests that she was able to get the Colombia free trade deal through because of a donation to her husband's foundation. That's absolutely ridiculous. I worked on the Colombia free deal -- trade free deal for -- for years. And if one person could put their finger on the scale, believe me, I would have found that. It just was not possible.

ACOSTA: You did not see it happening?

CUTTER: It didn't happen. It's not that I just didn't see it. It's just no -- not -- the system is not set up as a way for it to happen.

ACOSTA: And, Kristen, did you expect this kind of political gift to come to the Republicans so early in the campaign?

KRISTEN SOLTIS ANDERSON, REPUBLICAN STRATEGIST: It's just been a constant drip, drip, drip. And I think we have got a long way to go until November 2016. And I think Republicans seem to be getting a new week every week.
It doesn't take a lot to persuade voters that politicians are sort of peddling their influence to the highest bidder. What is unusual about this is that highest bidder in this case is foreign corporations and foreign governments.

Usually, Russia and uranium not involved in these sorts of stories, which sort of takes it to the next level. And voters also -- also aren't dumb. Bill Clinton's speaking fees tripling when, all of a sudden, Hillary Clinton becomes secretary of state, again, this is not a hard case that Republicans needs to make that the Clintons are in this for themselves and not for the American people and for the good of the country.

ACOSTA: And we should point out, the Hillary Clinton campaign has pointed out that Peter Schweizer is a conservative. He's written books essentially supporting conservative causes in the past.

And I want to play a piece of tape from Hillary Clinton earlier this week and then go to you, Jeff, when Hillary Clinton seemed to be saying, when it comes to the Republicans, it's all about me.

Here is what she had to say.

(BEGIN VIDEO CLIP)

HILLARY RODHAM CLINTON (D), PRESIDENTIAL CANDIDATE: We will be subject to all kinds of distraction and attack.

And I'm ready for that. It's, I think, worth noting that the Republicans seem to be talking only about me. I don't know what they would talk about if I were not in the race.

(END VIDEO CLIP)

ACOSTA: It's all about me at this point, Jeff. Is that -- is that Hillary Clinton's line of defense now?

JEFF ZELENY, CNN SENIOR WASHINGTON CORRESPONDENT: I mean, she is right about that. I was with her in New Hampshire when she said that. That's the only time she has addressed this. And she did it very briefly.

But, look, I think this raises legitimate questions that voters will have to answer about, if she was elected president, then what would happen? What role would Bill Clinton have then? So, I think that, you know, the Clinton campaign realizes that this is just the very beginning of this. They do have to answer some of these questions. And you're totally right, and there is no huge smoking gun in the book that we know of right now...

UNIDENTIFIED FEMALE: Huge (ph) smoking gun.

ZELENY: ...but it does raise questions of speaking fees, of why that one $2.35 million donation was disclosed when she was becoming secretary of state in January of '09. She signed a document saying she would disclose all contributions to the foundation that apparently did not happen here. So, there are still more questions about this. But the bigger picture is this, (INAUDIBLE) worry about, is this going to affect the trust and credibility of her? Voters are not paying attention to this issue right now but the bigger question is, you know, are people going to say, you know, more scandal and more this?

ACOSTA: So, that's what I was going to say.

(CROSSTALK)

ZELENY: South Carolina --
ACOSTA: I want to turn to Carol on this, because there may not be a smoking gun but there is - when it comes to the Clintons' smoking gun fatigue and it has been going on for decades now. And I'm just curious, Carol, how big of a problem is this going to be for the White House, because when we asked Josh Earnest about this...

CAROL LEE, WALL STREET JOURNAL WHITE HOUSE CORRESPONDENT: Right.

ACOSTA: ...he said we have not been presented with evidence of any problem here?

LEE: Everybody is talking about there's no smoking gun, we (INAUDIBLE) presented with evidence, we followed the letter of the law, that's always the response. It's a perception problem that she had and that is, you know, this feeds the larger narrative that the Clintons are secretive; they don't play by the same rules. If they do they just are just within the lines. And that's what this (INAUDIBLE) the thing is. It's judging (ph) up (ph) and it's going to continue for the next 17, 18, 19 months -

(CROSSTALK)

ACOSTA: Stephanie, isn't that true? Isn't there a Clinton fatigue factor here?

STEPHANIE CUTTER, DEMOCRATIC STRATEGIST: There's a slightly different take on it. There is going to be a fatigue factor and it's going to be a fatigue factor for stories like this and how the media covers it. Because it seems like --

ACOSTA: We shouldn't cover this?

CUTTER: ...the Clinton campaign is trying to answer the questions and be forthright and transparent. However, they don't seem to be that worried about that - worried about it. And I think that's probably -- and I'm not out there campaigning with them but there is probably a very different conversation happening in Iowa, in New Hampshire and everywhere else she is traveling than what we are watching on national -- in the national media.

ACOSTA: Yes.

CUTTER: Her point about, you know, Republicans are talking about me, I think the larger point there is, yes, they are talking about Hillary Clinton. Hillary Clinton is talking about real people, and that is what elections are about. And if Republicans lose sight of that, they are guaranteed to fail.

ACOSTA: You know, going back to the late 1990s, I mean, one asset that the Clintons had on their side was Republican overreach. Bill Clinton's approval ratings went up after the impeachment.

Do you think Republicans might over play their hand once again and set the table for Hillary Clinton by overreaching this (INAUDIBLE)?

KRISTEN SOLTIS ANDERSON, REPUBLICAN STRATEGIST: I don't think that it's going to have to take a lot of effort on the part of Republicans to get Americans believing that Hillary Clinton is not particularly trustworthy. It's already showing up in lots of polls.

(INAUDIBLE) Democrat at this point I might feel a little nervous if there is no plan B if, as Jeff mentioned, you know, the layers get peeled off one by one. There is no smoking gun at the moment but it just seems that this constant drip, drip, drip of stories where the Clintons have not done the right thing or have barely have done the right thing is not going to be a helpful narrative for them over the next 18 months.

ACOSTA: (INAUDIBLE) -
ZELENY: Stephanie is right (ph) there (ph). You did not hear Jeb Bush out there talking about that this week. I mean, we heard Mitt Romney saying, it sounds like bribery but no one who's actually running for president said that. And there is a danger, I think, of Republican overreach. But this is only one small part of it. And we have the Benghazi emails coming up. This is going to be a soundtrack of this campaign, like it or not. The voters may not be paying attention to it but it is - it is going to happen.

ACOSTA: And -

CUTTER: The Republicans are out of focus on what this election is about. I do think there is almost a guarantee that there will be Republican overreach in this election. ACOSTA: All right. All right.

Speaking of overreaching, last night Washington, once again probably could have been accused of overreaching with The White House Correspondents Dinner. We're going to talk about that coming up. The four of you will stick around. When we get to that we'll be talking about President Obama's turn as comedian in chief, something he's used to doing and we will talk about that and some highlights in a few moments.

(COMMERCIAL BREAK)

(BEGIN VIDEO CLIP)

[09:38:24] RONALD REAGAN, FORMER PRESIDENT OF THE UNITED STATES: I am aware of my age. When I go in for a physical now, they no longer ask me how old I am, they just carbon date me.

BILL CLINTON, FORMER PRESIDENT OF THE UNITED STATES: I have actually shown up here for eight straight years. Looking back, that was probably a mistake.

GEORGE H.W. BUSH, FORMER PRESIDENT OF THE UNITED STATES: Members of the White House correspondents' association, distinguished guests, ladies and gentlemen, here I am.

BARACK OBAMA, PRESIDENT OF THE UNITED STATES: Now to the mid-term elections, my advisers asked me, Mr. President, do you have a bucket list? And I said, well, I have something that rhymes with bucket list.

(END VIDEO CLIP)

ACOSTA: And it's a good thing he pulled that off and there wasn't any miscue there in terms of pronouncing, bucket list, which I was afraid to say this morning. Welcome back.

Highlights from an annual ritual here in Washington, The White House Correspondents Dinner, is an event where Hollywood celebrities and politicians mingle and the president of the United States gets to have the last laugh. And last night President Obama appeared at the dinner for the seventh year in a row and got some big-time zingers in there.

Our round table is back and I just want to show some pictures of my evening. I got to see a few celebrities. Well, there's Huma Abedin, Hillary Clinton's assistant. Jane Fonda was sitting at our table last night, that was something else. And I got to meet Julie Bowen from "Modern Family", you know, I was checking - and there's Jane Fonda as well. And I was checking, you know, my Twitter feed last night and - posting these pictures just immediately provoked this backlash.

There's a lot of people out there who think, this stinks. That these celebrities and these politicians, and these people in the media should not be doing this. What do you think, Carol? [09:40:00] LEE: Well, I'm on the board of the White House.
Correspondents Association. I will be president next year, and I disagree. I think that that's what gets a lot of the focus, obviously, that's what people are interested in.

But we do a lot of things that have nothing to do with celebrities or all the parties and the glitz that followed - surround the dinner. You know, also last night, we honored people who won awards for doing great journalism, covering the White House.

We have scholarship recipients, the next generation of reporters who are -

ACOSTA: And we featured the "Washington Post" reporter who is behind bars in Iran right now.

LEE: That's right. And we acknowledged everybody in the room who is covering the beat, who is dedicated to this. And we talked about transparency and access, which is what we do day in and day out.

So, once a year the spotlight is on us and our dinner, and unfortunately no one wants to take a picture with -- sorry, Jeff, but Jeff and me -- I mean, I do, you know, and they want to take a picture with Jane Fonda and that's what gets on Twitter.

ACOSTA: And Jeff, you have been doing a number of these. Is this obscene, do you think? You know, "The New York Times" doesn't go to this.

ZELENY: They don't anymore, right.

And I was at the "New York Times" when that decision but - look, I think, it -- there is a lot of talk about how obscene this is. It's one night.

I thought last night's was actually more in check than previous years, not as many celebrities. There's no Ozzy Osbourne kind of, you know, standing up on a chair and having his ways. I always think the most interesting thing is how the president reacts.

We get a great window into what the president is thinking, his frustrations, his humor in this kind of speech. So, that's the value that I've seen. And we saw President Bush in '06, I mean, that was a very funny evening. So, I think that's the value in this, seeing his humanity.

ACOSTA: Yes. I sort of feel like more effort goes into writing the president's jokes at this dinner than maybe some of his policy speeches. I mean, that was a well-crafted work of art last night.

Let's show a clip from that because he had a little anger translation going on and it was probably the highlight of the evening. Let's toss to that.

(BEGIN VIDEO CLIP) OBAMA: Protecting our democracy is more than ever. For example,

the Supreme Court ruled that the donor who gave Ted Cruz $6 million was just exercising free speech.

LUTHER: Yes, it's the kind of speech like this, I just wasted $6 million.

OBAMA: And it's not just Republicans. Hillary will have to raise huge sums of money, too.

LUTHER: Oh, yes, she's going to get that money. She's going to get all the money. Khaleesi is coming to Westeros.

(END VIDEO CLIP)
ACOSTA: Great stuff.

Stephanie, the jokes work because, you know, it's funny and it's true.

CUTTER: You know, I think it's the one night where the president can poke fun of himself, poke fun some of -- other fellow electives but and also poke fun of the media, you know, and in that regard it's a good time.

ACOSTA: And I talked to a White House official last night who said, you know, the president does relish this opportunity to...

CUTTER: He does.

ACOSTA: ...dish (ph) it back at the press.

CUTTER: He does.

ACOSTA: So, he gets to save up of all that frustration over the course of the year.

What do you think about this? What did you make of some of the jokes last night? There was a lot of jokes at the expense of Ted Cruz, Rand Paul and others.

ANDERSON: I think the Republicans running for president are all big boys and girls. I think they can take it. Yes, I mean, I think the dinner to the extent that it becomes this weird spectacle with tons of celebrities. It's kind of an odd note for Washington to hit.

But in general I think this is the story that most Americans are probably not talking about this morning.

ACOSTA: They don't really care about us, right, as much as we would like to talk about ourselves?

And let's go (ph) to another clip from the president talking about - this clip actually sort of shocked me, because I thought, you know, some of these jokes can kind of go close to the edge. This one was right there or maybe went over it. Let's play that clip.

(BEGIN VIDEO CLIP)

OBAMA: A few weeks ago Dick Cheney says he thinks I am the worst president of his lifetime, which is interesting, because I think Dick Cheney is the worst president of my lifetime.

(END VIDEO CLIP)

ACOSTA: That was a zinger and then there was another one for Hillary Clinton, where the president said she has been living out of a van or something like that in Iowa. I mean, I guess, the subjects of these jokes have to take it in good form, I suppose.

LEE: Yes. And most of them seem to, except there was one year when Donald Trump did not seem to take the jokes very well.

ACOSTA: Yes. Donald Trump was sitting very close to me last night and he seemed to be enjoying himself a lot more than the last time around during that whole birth certificate controversy. And you know, this is one of those opportunities, Jeff, where, you know, if we can't laugh at ourselves, who can we laugh at, right? We (ph) have (ph) to (ph) do (ph) it (ph).

ZELENY: Right.
ACOSTA: It's a healthy form of catharsis.

(CROSSTALK)

ZELENY: Sure. And the worst thing that is probably not being mentioned in this situation.

I mean, Martin O'Malley, who is probably running against -- or for president on the Democratic side. He was mentioned a few times. Even he was the butt of jokes, but at least he was mentioned. I think the - and the biggest thing is -

(CROSSTALK)

ACOSTA: Some of the best advertisements he has had.

ZELENY: Yes. I mean, there were not a lot of Jeb Bush jokes in there. A lot of Democrats are concerned about his candidacy. So, you know, I think, that by Monday morning all of us will be back to work and this is a memory for one more year.

[09:45:04] ACOSTA: All right. Very -- and a good one as well.

Carol Lee, Jeff Zeleny, Stephanie Cutter, Kristen Solis Anderson, thank you very much. We appreciate it.

And my conversation with John Legend, on everything from his Oscar winning song, "Glory," to the cause he plans to take up with President Obama. Some surprising words for the president coming up in just a moment.

(COMMERCIAL BREAK)

ACOSTA: He has won nine Grammys and took home the Oscar this year for best original song since his debut album "Get Lifted" was released in 2004. John Legend has continued to create hit after hit, but for the talented singer, song writer, producer and philanthropist social activism is just as important to him as art.

(BEGIN VIDEOTAPE)

ACOSTA: Thanks for being on State of the Union.

JOHN LEGEND, MUSICIAN AND ACTIVIST: Thanks for having me.

ACOSTA: Just in the last week or so what's flared up in Baltimore has heightened the awareness once again of this issue of police brutality.

LEGEND: Yes.

ACOSTA: In Baltimore, alleg police brutality. Do you think there's an epidemic of police brutality happen in this country right now?

LEGEND: Well, I think for too long the criminal justice system implemented by the police but not solely run by the police has treated black people as though our lives are not as valuable, as though we are enemies in our communities rather than community members, and we need our police to look at us as community members they care about and want to keep safe and healthy and treat us with the same fairness they would treat any other person.

[09:50:00]
Far too often that hasn't been the case. And that's why you see so many people walking around with signs, the black lives matter. And the reason we have to be specific and say, black lives matter, is because so many forces in American life are telling us that our lives don't matter, that our lives are expendable. That when we're killed, when we're unarmed, that we can't get justice for that. When we are the perpetrators of crime, even though it's the same crime as someone else we get longer sentences or we get treated worse by the criminal justice system.

ACOSTA: And a do you think that we're just seeing a greater number of these types of cases right now or is it because -

(CROSSTALK)

LEGEND: I honestly think it's just because - I think there's more awareness. I think there's more technology that allows us to have transparency, but I think this has been happening --

ACOSTA: Cell phone cameras?

LEGEND: Yes, cell phone cameras.

And I think in some ways it's a good thing, but in other ways it's almost like it's numbing the extent to which we're seeing it because we're seeing something new almost every other day.

ACOSTA: The case in South Carolina --

LEGEND: Yes, South Carolina. We're seeing in Baltimore. We're seeing all over the country.

It's almost to the point where it seems so commonplace that I don't want us to get too used to it. We still need to be outraged about these things.

ACOSTA: I'm just curious. We have not heard from President Obama on this situation in Baltimore and on the situation in South Carolina. For the last couple of weeks he hasn't comment on - he has a lot on his plate obviously.

LEGEND: Sure.

ACOSTA: He's working on a lot of different issues. You have been a big supporter of his over the years.

LEGEND: Yes.

ACOSTA: Do you think he's said enough on this?

LEGEND: I think there's more to be said, but I also think it's not as important that he comments on every case. It's important that we reform the system on the federal level, the state and local level as well. And it's not just about these killings, which are very important and a huge concern in the community, but it's also about what I have been talking about for a bit in the past couple weeks is mass incarceration and the overall way that the criminal justice system treats particularly black and brown communities, poor communities.

We are the most incarcerated nation in the world, and we have gotten there through a set of policies that have been in existence over the last 40 years. We have to have more than just press conferences. We need to have real changes in policies.

ACOSTA: And John, I remember when you launched this campaign you went to a prison...
LEGEND: Yes.

ACOSTA: ...to perform if I'm not mistaken. What was that like?

LEGEND: Yes, I went to a prison in Austin. I went to a prison in Sacramento. I went to the old Folsom prison where Johnny Cash performed. And I also visited other facilities in California. And today actually here in D.C. we went to go visit an alternative program for youth who get caught up in the juvenile justice system. And --

ACOSTA: Have you - have you found some solutions to this issue of mass incarceration?

LEGEND: Well, I think - actually what we saw today was a great thing because it was saying that we don't need prison as the solution for every problem.

So when our young people get in trouble, a lot of times it's nonviolent. A lot of times it's minor fights and things like that. A lot of times they have been sent to the prison system, to the juvenile justice system and locked up when there are other ways to deal with them, and other ways that are more community based and more focused on restoring them so that they can come back and live a good life and pursue their dreams.

These are kids that are 15, 16 years old. For us to give up on them and throw their lives away at that age is just a travesty. And so we've seen that.

We've seen people who have gone through all kinds of trauma who are living in a cycle of broken lives where, you know, they've had issues with their own parents, issues in their own communities. They've seen people get killed. They have seen family members get locked up. And so they're already broken. They're already people who have gone through so much, and then when they get in trouble, they end up back in that same system and so we need to find ways that are better --

ACOSTA: You have to figure out how to get to these at-risk kids before they become incarcerated.

LEGEND: Exactly.

So, I spent so much time focusing on schools and I still do. We focus on helping make sure that teachers that are doing a great job, are getting their solutions funded and getting their work seen around the country so that we improve our schools, improve the instruction quality that we have for the kids. Make sure that the resources that they need are there. May sure that if they have emotional traumas that they've gone through that we offer support for them.

But it's also important that -- for the kids that slip through the cracks who all these interventions haven't gotten to yet that we find solutions that aren't always about locking them up. We have made a decision as a country over the last 40 years that we're going to deal with most problems like poverty, drug dependency, mental health issues by putting people in prison. And -

(CROSSTALK)

ACOSTA: Can I challenge you on that for a second? Let me challenge you on that because if you look at the crime statistics across the country, crime is at a generation low levels.

LEGEND: Yes, and incarceration hasn't gone down...

ACOSTA: Yes.

LEGEND: ...to reflect that the crime has gone down. And -
(CROSSTALK)

ACOSTA: But isn't incarceration -

(CROSSTALK)

LEGEND: They recently did a study because intuitively you might say, well, the reason why the crime went down is because we locked all the bad people up. A recent study said that's statistically just not the case. There's a small percentage of it that impacted the crime rate early on but over the last 10 or 15 years incarceration hasn't improved the crime rate.

ACOSTA: I'm going to get in a lot of trouble if I don't ask you about your work because you have a lot of fans not only at CNN but around the country, around the world.

You won an academy award for the song "Glory"...

LEGEND: Yes.

ACOSTA: ...which you co-wrote with Common.

LEGEND: Yes.

ACOSTA: And you said more black men are under correctional control than they were under slavery in 1850.

LEGEND: Mm-hmm.

ACOSTA: This is personal for you.

LEGEND: Well, it's personal for me because I have had family members that have gotten caught up in the system. I have had family friends that I grew up with that have been caught up in the system. People that grew up in my same neighborhood, I could have been one of them.

And so I do take this personally, but I have seen it destroy way too many families. I've seen it destroy way too many communities. And as I go through our schools and through our communities and see the results of these -- this situation where you see so many kids growing up without a father, for instance, so many kids that have some kind of parent in prison or under probation or parole, can't get a job, can't vote for various reasons, you just have to think that there's a better way to do this than what we're doing right now.

ACOSTA: And what means more to you, winning an Academy Award, winning all these Grammys, or your political activism?

LEGEND: You know what, I'm fortunate that they're not separate.

You know, my music has given me be an opportunity and particularly winning the Oscar for "Glory," for a film "Selma" which is all about fighting for justice and equal rights for all. "One day when the glory comes it will be ours, it will be ours

oh, glory."

It gave me an opportunity to speak out on behalf of people who may be voiceless otherwise, who people may not listen to otherwise. And I'm trying to back that - back that up with actual action.

ACOSTA: You sound like somebody who might want to run for political office one day. We are in Washington...
LEGEND: I have no interest.

ACOSTA: ...I have to ask the question.

LEGEND: I have no interest.

ACOSTA: Reporters like me will always say that's not a no.

LEGEND: No.

(CROSSTALK)

ACOSTA: It's like saying, I'm not running right now.

LEGEND: No, I don't want to ever run for political office. I feel like my political activism can exist outside of me running for a political office.

ACOSTA: Finally, President Obama, how would you grade his presidency right now?

LEGEND: I think there has been a lot of successes. I think health care reform is one that I'm particularly proud of. I think the fact that --

ACOSTA: You worked hard to get him elected.

LEGEND: Yes. Absolutely.

Health care being affordable and accessible to so many more Americans now is going to go down in history. I think is a huge accomplishment. I think the stimulus package, I thought it could have been a little bigger, but I think what it did accomplish was bringing the unemployment rate down to where it is now.

ACOSTA: What if he doesn't get a handle on this policing issue?

LEGEND: I think there's more to do, and I'm going to push the president to get more involved in criminal justice reform. I'm going to suggest some ideas that we think could help improve the situation.

But a lot of it has to do with state and local governments as well. That's why we went to the state house in Texas. That's why we were in Sacramento with Gavin Newsom because a lot of these laws are enacted on a state level and so we need take by state change as well. It's important that the president is behind us, but it's also important that we get legislators and governors across the country to do it as well.

ACOSTA: If you change your mind about running for office, give CNN the scoop, will you?

LEGEND: I will. I will.

ACOSTA: John Legend -

LEGEND: Don't hold your breath. Don't hold your breath.

ACOSTA: We might just a little bit.

But John Legend, thank you very much for your time.

LEGEND: Thank you.
ACOSTA: It's great talking with you.

LEGEND: Thank you.

(END VIDEOTAPE)

[09:58:55] ACOSTA: John legend recently launched the Free America campaign which will focus on ending mass incarceration and reforming the criminal justice system.

We'll be right back.

(COMMERCIAL BREAK)

ACOSTA: Thanks for watching STATE OF THE UNION. I'm Jim Acosta in Washington.

"FAREED ZAKARIA GPS" starts right now.